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Global Agricultural Information Network

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Monthly Agricultural Market News of South China – 5

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Agricultural Trade Office Activities

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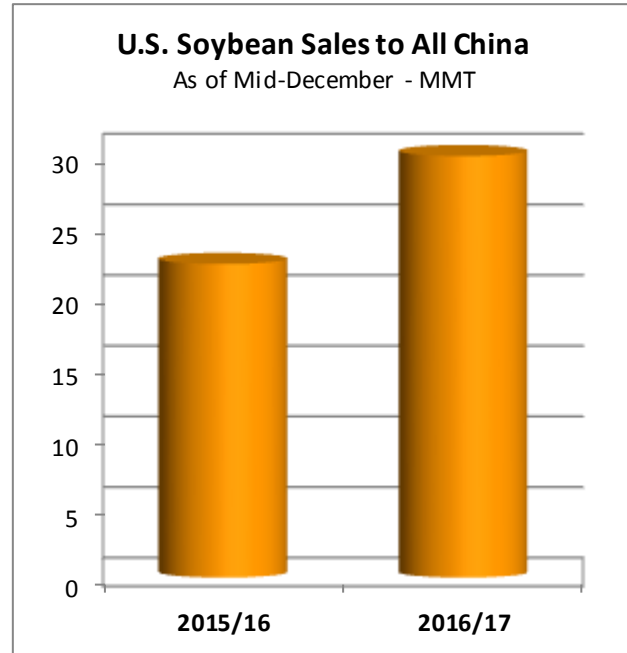
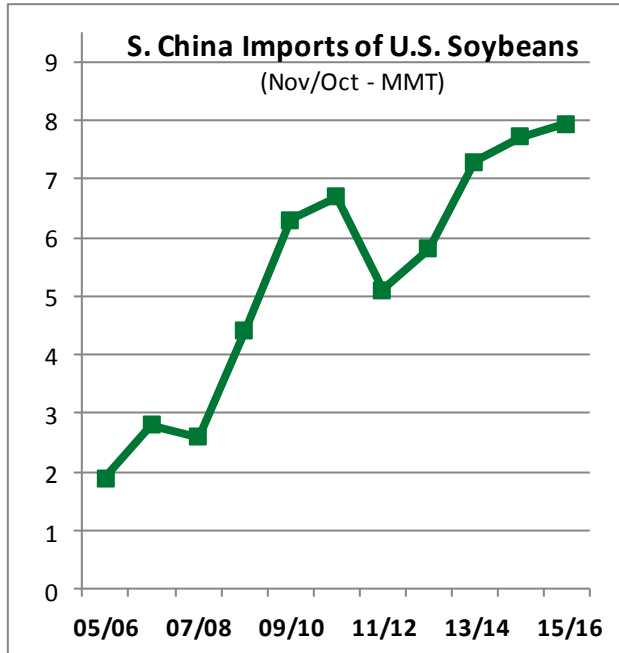
ATO Guangzhou Staff

Report Highlights:

South China imports of U.S. soybeans continue to climb....Upcoming opportunities for U.S. exporters to meet with South China wine and beer importers, as well as wood importers...ATO Guangzhou participates in a dairy seminar, U.S. tart cherry marketing event, online apple promotion, citrus field visits, and other promotional events and activities.

General Information:

South China Soybean Imports from the United States Continue to Rise



Data Source: China Customs Data, and FAS/USDA U.S. Export Sales

The volume of U.S. soybeans imported into Southern China continues to hit new records, reaching nearly 8 million metric tons (worth over \$3 billion) during the year ending in October 2016. New crop U.S. soybeans usually begin to arrive into Southern China ports in November, and typically about 90 percent of all U.S. soybean imports take place in the November-March timeframe. South China is a major processing region for imported soybeans because of large feed/livestock sectors, huge consumer demand for edible oils, and convenient port facilities. Currently, soybean demand in the region is being driven by recovering swine production following a period of very high pork prices.

South China soybean imports from the United States are expected to jump even more in coming months because of reduced competition from South American suppliers. In fact, according to the USDA export sales report, as of mid-December U.S. soybean sales to China in the 2016/17 marketing year are up nearly 35 percent compared to the same time last year.

Note: Southern China includes Guangdong, Fujian, Guangxi, Hainan, and Hunan provinces.

Upcoming Events

March 23-25, China Food and Drinks Fair (CFDF), Chengdu: CFDF (<http://www.qgtjh.com>) is a USDA-endorsed show and is China's largest food and beverage show. It has a 50-year history and is a good platform to showcase U.S. wine/beer/distilled spirits, packaged food and beverage products to professional visitors from all around China. A USDA-designated contractor will provide support and services to U.S. exhibitors. If U.S. exporters are interested in meeting South China importers at the show, please contact ATO Guangzhou Marketing Specialist Ken Chen (Kang.Chen@fas.usda.gov).

March 28-31, Interzum, Guangzhou: Interzum Guangzhou is recognized as the largest and most comprehensive woodworking machinery and wood raw materials trade show in Asia. A large number of U.S. wood exporters of both hardwood and softwood are planning on exhibiting at the show. For more information, please contact ATO Guangzhou Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

Recent ATO Guangzhou Activities

Strong Demand for U.S. Woods in South China – On December 6, 2016, ATO Guangzhou visited two of China's largest wood wholesale markets in Dongguan, Guangdong Province to gain market intelligence on the industry. Despite slowing economic growth in China, sales managers and wood traders at the markets report that demand for U.S. wood continues to be very robust due to its high quality. In fact, a custom made furniture plant in the area which exclusively uses U.S. hardwood reported that they are currently overwhelmed with high-end furniture orders (with prices starting at \$58,000). China is the largest buyer of U.S. hardwood in the world with 2016 year-to-date imports up 23 percent.



China's 2016/17 Citrus Production is Expected to Fall - From November 30 to December 3, ATO Guangzhou visited multiple orchards, fruit packing houses and distributors in key mandarin and orange producing regions of Jiangxi Province to gain market intelligence on domestic citrus production. During the trip, ATO/Guangzhou developed several important industry contacts and learned that national citrus

production in 2016/17 is expected to fall as a result of the impact of citrus greening disease and unfavorable weather during the growing season. Because of this, import demand for citrus (including from the United States) is expected to be strong. For more information please see the [Annual China Citrus Report](#).



Cotton Mini-Fair Held in Shenzhen to Further Boost Cotton Usage - On December 6, ATO Guangzhou attended a mini-fair in Shenzhen organized jointly by Cotton Incorporated and the Cotton Council International. This fair showcased the marketability of new products and promoted the cotton industry as a whole. The event attracted over 80 fabric, textile and apparel manufacturers, and covered various topics, including new fabric technologies and retail market trends. China is the largest buyer of U.S. cotton in the world.



California Fig Board Explores Market Opportunities in South China - On December 12, ATO Guangzhou met with representatives from the California Fig Advisory Board at their booth at the “Hi-Fi” trade show in Guangzhou. During the meeting, ATO Guangzhou briefed the trade association on the South China market conditions and discussed potential fig product marketing strategies with the Chinese baking and snack food industries. California fig production accounts for nearly 99 percent of all fig production in the United States.



New Applications of U.S. Dairy Proteins Introduced in South China – On December 16, ATO Guangzhou participated in a seminar hosted by the U.S. Dairy Export Council, which focused on new applications of U.S. dairy proteins in yoghurt, dairy beverage, infant formula and nutritional supplements. China is one of the largest importers of U.S. origin whey, lactose, and milk powder products. The U.S. dairy industry plans to hold additional U.S. whey and milk protein promotional events with local food manufacturers in the near future.



A Craft Beer Brewing Park is in the Works in Sanshui, Guangdong – On December 13, ATO Guangzhou visited the Sanshui industrial zone in Foshan, Guangdong Province with the Guangdong Beer Association. This industrial zone is home to multiple major beverage and food producers such as Budweiser, Coca-Cola, Red Bull and Heinz. The Guangdong Beer Association is working with the local government to develop a craft beer brewing park within the industrial zone. Once completed, local brewers anticipate a significant uptick in their production, which is sure to drive up demand for U.S. beer ingredients such as hops, malt and yeast. 2016 U.S. hops exports to China (through October) have reached \$2.6 million, an increase of 94 percent compared to the previous year.

ATO Guangzhou Attends the Inaugural South China U.S. Tart Cherries Promotional Event – On December 19, the ATO Guangzhou Deputy Director delivered opening remarks at the first-ever U.S. tart cherry promotional event in Guangzhou. Around 20 media reporters plus 30 traders/retailers attended the event. At the event, U.S. Cherry Marketing Institute representatives showcased the applicability of highly nutritious tart cherries in various dishes. In addition to delivering opening remarks, ATO Guangzhou also provided match-making services by inviting several local beer brewers to the event to examine the possibility of using tart cherries in flavoring certain craft beers.



Swine Expo Held in Guangdong– On December 16, ATO Guangzhou visited the Guangdong Swine Expo in Guangzhou to gain market intelligence on domestic livestock production. The rapidly expanding Chinese swine industry is a major customer of several U.S. agriculture products, including soybeans, corn, sorghum, breeder hogs, swine genetics, and other products. At this event ATO Guangzhou also confirmed that the industry has great potential demand for U.S. sugar beet pulp pellet, which just gained market access into China in late September.

Guangdong Maintains Highest Volume in Cross-Border E-commerce Trade – On December 20, ATO Guangzhou attended the Guangdong Pilot Free Trade Zone Seminar on Cross-border E-commerce and Trade Facilitation. During the event, officials from the Guangdong and Shenzhen Quarantine and Inspection Bureau, and the Guangdong and Shenzhen Customs Bureau presented on cross-border e-commerce policies, risks and future industry direction. According to Guangdong Customs, the province reached RMB 10.8 billion (\$1.6 billion) in cross-border e-commerce trade during the first ten months of 2016, a growth of 24 percent compared to the previous year. The most popular imported item in cross-border e-commerce trade is baby formula.

Consul General Promotes Washington Apples during Online Shopping Platform Campaign – On December 16, Mr. Charles (Chuck) Bennett, Consul General of the United States of American Consulate General in Guangzhou, showcased Washington apples in a video that was used during an online shopping venue promotional event being organized by the Washington Apple Commission. The

promotion on JD.com (one of the largest online shopping platforms in China) ran from December 19-25. About two-thirds of all Chinese imports of U.S. apples come into South China.



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